

AMENDED IN ASSEMBLY APRIL 18, 2001

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 180

Introduced by Assembly Member Cedillo

February 6, 2001

An act to amend Section 6363.3 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 180, as amended, Cedillo. Sales and use tax exemption: charitable thrift stores.

The Sales and Use Tax Law imposes a tax on the gross receipts from the sale in this state of, or the storage, use, or other consumption in this state of, tangible personal property. That law provides various exemptions from this tax, including an exemption for retail items sold by thrift stores operated by a nonprofit organization, if the purpose of that thrift store is to obtain funding for medical and social services provided to individuals with HIV disease or AIDS by the nonprofit organization. This exemption will be repealed on January 1, 2002.

This bill would extend the application of the exemption to thrift stores that meet the above qualifications in providing services to persons with cancer. The bill would also revise the definition of a nonprofit organization eligible for this exemption to include organizations that provide medical, *hospice*, or social services to persons with HIV disease, AIDS, ~~or~~ cancer, *or a terminal illness*. The bill would also delete the repeal date for the exemption.

Counties and cities are authorized to impose local sales and use taxes in conformity with state sales and use taxes. Exemptions from the state

sales and use taxes enacted by the Legislature are incorporated into the local taxes.

Section 2230 of the Revenue and Taxation Code provides that the state will reimburse counties and cities for revenue losses caused by the enactment of sales and use tax exemptions.

This bill would provide that, notwithstanding Section 2230 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for sales and use tax revenues lost by them pursuant to this bill.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 6363.3 of the Revenue and Taxation
2 Code is amended to read:
3 6363.3. There are exempted from the taxes imposed by this
4 part, the gross receipts from the sale in this state of, and the storage,
5 use, or other consumption in this state of, used pieces of clothing,
6 household items, or other retail items sold by thrift stores operated
7 by a nonprofit organization if the purpose of that thrift store is to
8 obtain revenue for the funding of medical, *hospice*, or social
9 services to chronically *or terminally* ill individuals, and at least 75
10 percent of those net revenues are actually expended for the purpose
11 of providing medical, *hospice*, or social services to the chronically
12 *or terminally* ill. For purposes of this section, “nonprofit
13 organization” means an organization that provides medical,
14 *hospice*, or social services to individuals with a chronic,
15 life-threatening illness, as defined in subdivision (c) of Section
16 1568.01 or Section 109285 of the Health and Safety Code, *or with*
17 *a terminal illness, as defined in Section 1746 of the Health and*
18 *Safety Code*, and is exempt from taxation under Section 23701d.
19 SEC. 2. Notwithstanding Section 2230 of the Revenue and
20 Taxation Code, no appropriation is made by this act and the state
21 shall not reimburse any local agency for any sales and use tax
22 revenues lost by it under this act.



1 SEC. 3. This act provides for a tax levy within the meaning of
2 Article IV of the Constitution and shall go into immediate effect.

O

